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A

Simple Plan

To Establish the Exact
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The Establishment of
Ship Values
of
U.S. Shipping Board Vessels

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A SIMPLE PLAN

to Establish the Basic Principles
Controlling the Establishment

of

SHIP VALUES

of

United States Shipping Board Vessels

Prepared in collaboration with MARTIN J. GILLEN, former member of the War Industries Board Organization and Special Assistant to Chairmen of the U. S. Shipping Board, JOHN BARTON PAYNE and Admiral W. S. BENSON; L. L. SUMMERS, former member of the War Industries Board Organization, and technical advisor to the Allied Peace Commission at Paris; and GUY D. GOFF, present commissioner of the U. S. Shipping Board.

A DISCUSSION and RESOLUTIONS

offered on January 5th, 1921 to the United States Shipping Board to carry the Plan into effect

By

GUY D. GOFF

Commissioner of U. S. Shipping Board

Business

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January 3, 1921.

Fellow Commissioners of the Shipping Board:

From the time that I first became connected as an employe of this Corporation on June 1st, 1920, down to December 1st of last year, when I became a member of the Board, there has ever been discussed in Congress, by the public generally and by the officers of this Corporation, the price at which the steel cargo boats should be offered to the public. Congress, in the Jones Bill, granted to the Shipping Board full and discretionary right to establish the price at which these boats should be sold and absorbed by private industry. The testimony taken before the Senate Commerce Committee, prior to the enactment of the Jones Bill; the voluminous evidence gathered by the Shipping Board; the editorial comment of the country, and the information furnished by the private shipping interests of America, has not as yet thrown light upon the subject sufficient to enable the Shipping Board *to intelligently establish the basic principles which would enable the steel cargo boats to be absorbed by the public.*

The growing demand for the lowering of the price, on the part of the people of the United States, as evidenced by the editorial comment in our great papers; the Congressional discussion that has ensued; the financial distress of the pioneer purchasers, who endeavored to try out the policy of the Shipping Board at its old prices—all urge immediate action on the part of the Shipping Board to establish basic principles. As a Commissioner, I have no complaint or criticism of this demand, nor of the statement of Congressman James W. Good, Chairman of the Appropriations Committee of the House, made on the floor of the House last Friday, for I can readily appreciate that his state of mind is one of honest exasperation, due to the failure upon the part of the Government in its shipping branch, to establish basic principles for the sale of its boats in order to carry out the will of Congress; to wit, that the assets of the Shipping Board be sold and that the Merchant Marine should be privately owned and operated; and that in making the sale, new trade routes should be protected insofar as possible. The mandate to sell the boats at merchantable prices; establish an American privately owned and operated Merchant Marine, came from

every section of the United States and from the Republican and Democratic party alike, with the President of the United States and the President-elect in harmony with it; and so it is my purpose today, as far as I am concerned, to take such affirmative and prompt action as afforded me and I hope my associates on this Board may aid to a common purpose.

For some months I have given considerable study to this question and I have reached the conclusion, without criticism of anyone, that the failure to establish the basic principles has been due to our inability to see through the clouds beyond and somewhere approximate the future, rather than a desire on the part of the Shipping Board not to make a decision. For over a year and a half the discussion concerning prices has ranged about the following factors:

(a) the cost of reproduction at home and abroad—while the world was still in a period of inflation of prices;
(b) the earning capacity of the boats under current freight markets;
(c) the ability of the purchaser to amortize his capital investment during a period of twenty years hence; and
(d) the ability of the purchaser to induce the American farmer, laboring man, widow, large and small trust company, to furnish him purchasing capital, while the first three factors were so indefinite as to the future; and the deterrent effect of the sad financial object lesson of the pioneer purchasers of 190 boats being ever before the investment public of America.

At all times in the discussion of the above factors I have only heard discussed the question of price, namely, either that the ships should be sold in the first instance at the price which they cost the Government; or later at the reproduction cost, less depreciation for the time the boats were in the water; and still later, a discussion on figures ranging from $150 a DWT to $60 a DWT—a discussion of dollars—never an analysis of the situation to establish the basic principle of sales price, which would cause the American public to purchase and invest in these boats. It must be kept in mind that these boats are not Liberty Bonds—the best security in the world, which are selling today at 15% below the par value—but rather are they objects built during war times for the purposes of national war needs and which must now be utilized for an entirely different purpose; *i. e.*, in private industry—sold at such a price that the capital purchase price of them will be returned to the purchaser over a period of twenty years, with a fair interest return on his money during that period. He to take all of the risks of management, all of

the risks of competition with foreign shipping interests and of national and international depressions for the next twenty years. Then, too, it must be kept in mind that while these ships cost the United States Government an average of $215 a DWT, they were not built by the Government as an investment for the Government, nor for use in private industry, but they were built like our cantonments and the supplies that went across the seas—to take care of a great national war emergency in which the very life of the nation was at stake. What the Government paid for in building those ships is divided into two parts:

The first part of the expenditure went purely for a war need and was destroyed—to wit, emergency ocean transportation for its troops and supplies for itself and its Allies across the Seas. That was primarily a war expense, and the Government must and is willing to stand it. This factor in the value of the ships, stands in the same category as cantonments, powder, compensation paid to our drafted soldiers while in the service of the Government; the supplies consumed during the war, and all purchases which were destroyed or consumed in the prosecution of the war. The public and Congress well recognize and have assented to this doctrine, which is not new. The Shipping Board has no right, under the law, nor any member of the Board, to withhold his decision to establish the proper prices under the mandate of Congress by endeavoring to merchandise this factor. It departed when the emergency expired. It is no more.

The second part of the expenditure went into steel ships that have some market value—like any other commodity purchased or sold in the open market for private purposes; to wit, ships that can engage in the private commerce and return to the owner thereof an income on an established capital price, while in competition with the other privately owned ships of America and the shipping interests of the world. There are two parties to every free sale—a buyer and a seller.

It is in reference to this second and only remaining factor of value in the ships now owned by the Government—which too is the only factor before us for consideration—that I desire to address myself to you.

Considerations Bearing Upon the Actual Worth or Value of Steel Cargo and Other Steel Boats of the United States Shipping Board from a Sales Standpoint

THE FIRST CONSIDERATION:

No private purchaser or corporation can be induced to purchase Government steel cargo boats today in an open and free market, unless he is assured the capital that he invests in that boat will, in a measure, be a safe investment; that it will be returned to him as the boat depreci-

ates during a period of twenty to twenty-five years, and can earn during that period, in world competition, sufficient income to pay all charges of operation and a reasonable interest rate on the money invested. There not being enough money in the hands of people desiring to purchase ships, they must go to the American investing public to get a large portion of the money they desire to invest. Thus, there are two classes of people interested in the purchase of boats. There is the first or original purchaser, who manages and operates the property; and there is second, the silent investor, who buys the common or preferred stock, or takes the bonds of the original purchaser. The original purchaser is frequently willing to speculate with his portion of the investment in the boat, which is usually about 25% of the purchase price. The second class: to wit, the investors who are made up of the farming, labor, widow and middle classes of the American investing public, will accept no speculation; those who advise this class warn against speculative investments. These advisers demand that the capital of the investing public, who are silent partners, shall be invested in securities where there is no risk, for as a rule, the return on this form of investment is modest and there must be a certainty of interest and return to them of the money that they invest, as silent partners. *Those who advise them—our investment bankers*—are well aware today of what ships values are and are likely to be during the next twenty years. It is right that they should advise their clients—the investing public. Hence, until the values on our steel boats are placed on the proper basis, so as to induce the silent partner to invest his money in shipping securities, as he does today in England, there will be no sale of the Shipping Board boats. Let a canvass be made of the Senators and Congressmen of the United States for the purpose of inducing them to invest their money, or the money of any of their friends, in Shipping Board boat securities on any other basis, and you will find that they will refuse and advise their friends against putting a dollar into shipping securities except on proper boat values.

THE SECOND CONSIDERATION:

With the proper value fixed on the steel cargo boats of the Shipping Board, the Government must grant mortgage terms to the original purchasers similar to those already wisely established by the Shipping Board under the Jones Bill.

THE THIRD CONSIDERATION:

Unfortunately, there is a limited market into which the Shipping Board can go for prospective purchasers. It is almost limited at the present time to 176 corporations, known as the operating managers. In this field are the original privately owned shipping corporations who own their own boats, a great number of whom have already made pioneer purchases from the Shipping Board and ruined their base capital investment and financial credit, through the purchases made. The toll of receiverships, which is before us, of some 60 sales out of approximately 200 sales, and the known difficult financial position of every one of the other pioneer purchasers who have the balance, or 140 boats, upon whom the Government has tried to saddle the war cost, means that it has killed off its prospects for future sales and any opportunity it might have in the American investment market unless it readjusts these sales on an equitable basis. Sane, honest business judgment is required before the balance of these pioneer purchases pass into receivership and our future market entirely destroyed.

If the Ford Company, Armour & Company, the International Harvester Corporation, the United States Tire Company, or any of the other great industrial corporations of America, had and were limited to a definite list of prospective purchasers, and then destroyed these purchasers, there would be nothing left for those large industrial corporations to do but close their doors until they could grow a new crop of purchasers in the years to come. This would mean financial destruction to those large private institutions. The failure on the part of the Shipping Board to act now does not mean the destruction of the financial fabric of our Government, but it does mean a depreciation and waste of the remaining asset values belonging to our Government, in its steel cargo boats, and the destruction of its pioneer and prospective purchasers who are rapidly bleeding to death between paying interest charges and insurance—the latter item is almost as large as the item of interest—on a large and false capitalization of war amortization, a continuation of which is most extravagant financial waste and folly.

THE FOURTH CONSIDERATION:

There must be the establishment of a base price on the steel cargo boats—ton for ton—divided into classes as to the relative superiority of

(a) efficiency in service;
(b) the machinery used; and

with a depreciation which should be fixed at 5% a year for the time in use. In this regard, the Shipping Board has already classified, for sales purposes, the types, makes and kinds of boats which it has, from an efficiency for service standpoint. *The present ratio* of prices which has been established between these different classes can now be applied to the new base price when established, and no delay need ensue. It is just a question of the present ratio and simple calculation, for the Board with its experts, in the past, has made a proper and fair classification for sales purposes.

THE FIFTH CONSIDERATION:

The World Tonnage. The best authorities maintain that there is sufficient steel cargo tonnage in the world today to take care of all the needs of world transportation: the present world's steel tonnage being equal to 120% of the 1913 world's tonnage. The pent-up and accumulated after-war demands of ocean freight have been absorbed. The idle boats in harbors, at home and abroad, and low ocean rates testify silently to this fact. Henceforth, the world will return to a normal peace time basis in its ocean transportation—back to the normal ocean freight. Additional or new tonnage will be built from time to time in the ship yards of the world when needed by private capital. This consideration is but a small factor, if any, in establishing the present base value on the steel cargo tonnage in the hands of the Shipping Board.

THE SIXTH CONSIDERATION:

Holding the "Five Considerations" above stated in mind, we approach the last, and *the all important consideration, as the determining factor,* which fixes the basic principle for establishing the values of our present commodity; to wit—steel cargo ships for sale in the open, free, commercial markets of America, subject to the same economic laws as any other American commodity when offered for sale.

There was established, and in existence on July 31st, 1914, a certain *standard of welfare, prosperity and living*

for each of the nations of the world. The establishment and stabilization of that standard of welfare, prosperity and living, had been the result of the economic development of each of those nations over a period of many years. It was a peace time standard for each—the 100% standard. Into the making of it, through years of peaceful pursuit, went whatever of national prosperity of natural resources, of producing power, of wages, and of commercial intercourse with other nations, that was possessed by each nation. Most of these nations, like America, through the war, were thrown off from this standard of welfare, prosperity and living that had been established as of July 31st, 1914. Within the last five months, we who read know that the United States is rapidly swinging back again to its peace time standard of welfare, prosperity and living. A comparison between the general commodity prices prevailing (a) on or about July 31, 1914; (b) with those of 1915, 1916, 1917, 1918 and 1919; and (c) of December 31, 1920, will show us the light and give us the base for fixing our ship values.

Shortly after this nation went to war, there was organized in this country a Price Fixing Committee of the War Industries Board, composed of most distinguished and expert Americans. That Committee gathered exact data as to prices, and the fluctuation of those prices during the war, in order to establish the control prices at which the Government purchased for itself and the Allies during the war. The data compiled is therefore authoritative and unquestioned. It is a Government record. They issued an analysis of the price fluctuation of 92 important American commodities during that period, and gave in full detail the price fluctuations of steel products from the mine to the mill.

We have available to us:

(a) That exact data from 1913 to 1919;
(b) The corresponding records of December 31, 1920 prices, showing where those commodities have receded, *with deflation not yet complete in this country;*
(c) The prices of ships built in America and the United Kingdom from 1910 up to the date when Europe went to war—during peace times and under a peace time standard of living; and
(d) The prices at which ships were built in this country and the United Kingdom from 1914 to 1919 at war time costs.

These have been charted, and without comment, I submit them to you herewith. They have formed a firm and definite judgment.

RELATIVE PRICES

The Price Fixing Committee took the Average Price of each Commodity from July 1, 1913 to June 30, 1914 as the Base Price or 100%.
This is set forth in Column No. 1.

(Deflation is still on the way to peace time standards of living in wages, raw materials and finished products, in the balance of the high priced commodities)	No. 1 July 1st 1913 to June 30, 1914	No. 2 July 1st 1913	No. 3 July 1st 1914	No. 4 July 1st 1915	No. 5 July 1st 1916	No. 6 July 1st 1917	No. 7 July 1st 1918	No. 8 Dec. 31st 1920	Points of Decline from high point to Dec. 31, 1920 price
*BARLEY—Base price per bu. ..$ .6226	100%	92%	86%	120%	119%	227%	181%	130%	97
*CORN—Base price per bu. ..... .6840	100%	91	104	114	118	299	243	101	189
*FLOUR (Rye)—Base price per bbl. 3.2146	100%	111	96	172	156	342	331	276	66
*FLOUR (Wheat)—Base price per bbl. 4.5699	100%	104	101	154	133	279	234	236	43
*MEAT—Base price per 100 lbs. 9.35	100%	100	107	108	117	147	202	134	68
*HOGS—Base price per 100 lbs... 8.30	100%	108	104	88	116	183	212	115	97
*PORK—Base price per bbl. ... 23.2575	100%	99	102	80	117	182	209	127	82
*OATS—Base price per bu. ..... .3929	100%	101	94	134	103	194	195	119	76
*RICE—Base price per lb. ..... .0526	100%	102	102	92	86	133	178	104	74
*RYE—Base price per bu. ..... .6369	100%	98	97	163	152	350	268	249	101
*WHEAT—Base price per bu. ... 1.00	100%	98	96	146	128	273	239	164	109
*COTTON—Base price per lb. ... .1375	100%	95	101	69	100	196	232	107	125
*HIDES—Base price per lb. ..... .17	100%	96	102	121	150	193	178	103	90
*LEATHER—Base price per lb. . .3950	100%	100	100	111	124	172	177	170	7
*WOOL—Base price per lb. .... .4363	100%	108	102	128	157	278	329	92	237
*RUBBER—Base price per lb. ... .6938	100%	117	83	77	85	94	85	62	55
*COPPER (Ingot)—Base price per lb. ..... .1501	100%	97	89	132	177	212	170	85	127
*COPPER (Sheet)—Base price per lb..... .2035	100%	98	93	123	184	197	175	91	106
*LEAD—Base price per lb. ..... .04	100%	104	93	137	162	268	191	119	149
*CEMENT—Base price per bbl. .. 1.15	100%	100	102	95	109	131	146	287	141 (Increase)
*COAL (An)—Base price per ton 7.00	100%	99	99	98	106	118	133	165	32 (Increase)
*COAL (Bi)—Base price per ton 2.185	100%	94	101	101	101	229	188	114	115

SHIP CONSTRUCTION COSTS FROM 1910 TO 1919.

The Average Cost Price of Steel Cargo Vessels in the United States and the United Kingdom for the years 1910 to 1913 was: $44 to $46 or $45 per DWT in the United States; while in the United Kingdom it was $25.65 per DWT. Hence, $45 per DWT is accepted as 100% or Standard for the United States, and $25.65 per DWT as 100% or Standard for the United Kingdom.

	Cost per DWT in U. S.		Cost per DWT in U. K.	
1910 to 1913	$ 45.00	100 %	$ 25.65	100 %
1914	59.00	113.1%	37.20	144.8%
1915	90.00	200 %	77.00	300.1%
1916	118.20	240.4%	114.43	446.1%
1917	135.00	300 %	115.20	449.1%
1918	193.17	429 %	106.95	417 %
1919	215.00	477.7%	139.50	542 %

(Deflation must come shortly to steel and coke prices of December 31, 1920, in harmony with the deflation that has and is occurring in general commodity prices.)	No. 1 July 1st 1913 to June 30, 1914	No. 2 July 1st 1913	No. 3 July 1st 1914	No. 4 July 1st 1915	No. 5 July 1st 1916	No. 6 July 1st 1917	No. 7 July 1st 1918	No. 8 Dec. 31st 1920	Points of Decline from high point to Dec. 31, 1920 price
*COKE—Base price short ton...$ 2.0625	100%	115%	91%	85%	127%	594%	291%	243%	351
*PIG IRON (Basic)—Base Price, LT 13.3183	100%	108	98	96	135	394	240	236	158
*PIG IRON (Bes)—Base price, LT 15.6858	100%	106	95	95	140	366	233	223	143
*PIG IRON (Fdry)—Base price, LT 13.9008	100%	99	96	91	122	359	263	266	93
*STEEL SCRAP—Base price, GT 11.9500	100%	105	98	106	140	324	243	92	233
*SCRAP (RR)—Base price, GT.. 12.4500	100%	107	94	88	151	353	273	92	261
*IRON BARS—Base price, per lb. .0180	100%	109	87	90	177	306	259	133	173
*STEEL BILLETS (B)—Base price, LT 21.8333	100%	121	89	98	195	435	218	199	236
*STEEL BILLETS (OH)—Base price, LT 21.7917	100%	122	89	103	204	436	218	200	236
*SHEET BARS (B)—Base price, GT 22.6750	100%	121	88	97	187	463	225	207	256
*SHEET BARS (OH)—Base price, GT 22.63	100%	122	88	101	197	464	225	208	256
*STEEL BARS—Base price,CWT. 1.2600	100%	111	89	101	198	357	230	190	167
*STEEL—Struc., Base price, LB .0146	100%	112	88	98	191	424	205	168	256
*STEEL PLATES—Base price, CWT 1.2600	100%	115	88	97	230	714	258	211	503
*STEEL SHEETS—Base price, CWT 1.4983	100%	117	90	88	194	551	284	236	315
*RIVETS—Base price, CWT.... 1.7433	100%	115	86	86	229	301	252	186	115
*WIRE RODS—Base price, GT.. 25.2083	100%	112	97	102	213	382	226	226	156

* See footnote on pages 15 and 16.

Four great outstanding facts are apparent from these figures:

First: That shipbuilding costs in the United Kingdom rose from $25.65 a DWT—the normal pre-war cost, under a normal standard of living condition, existing from 1910 up to and including Dec. 31, 1913, during the war, from August 1, 1914 to November, 1918—543%; while in the United States, from a starting point of $45 a DWT, under similar conditions, for the same period, prices rose 477.7%. The price of no important commodity in America during the war anywhere near approximated this abnormal increase nor caused the tremendous war wastage in values that occurred in shipbuilding, both in the United Kingdom and in America, except steel products and coke.

Second: That this great increased price was due to three things:

(a) Expensive expansion of shipbuilding plants and equipment—for war purposes alone, with no peace time value remaining at the close of the war for money expended;
(b) The mobilization of materials under premiums and priority orders for ship construction; and
(c) The concentration and use of new and inexperienced workmen for expert work—to meet the terrific destruction of tonnage caused by the submarine campaign of the Central Empires from April, 1915 to the fall of 1918, and to promptly take care of the additional needs of transporting our troops and supplies to aid the Allies—wholly war costs which did not add a dollar to the value of the ships when completed for use in private industry.

Third: That while American commodity prices, during the year 1914, generally fell below the average cost of 1910-1913—which we call 100%—yet the British demand for war shipping in American yards drove up shipbuilding prices in America 13.1% more than in 1913, with lower steel costs and labor costs prevailing at that time in America.

Fourth: That when you compare the commodity prices for three periods with each other; to wit:

(a) The peace time period—1910 to 1913;
(b) The war period—1914 to November, 1918;
(c) The period consisting of a day—December 31, 1920, with more deflation yet to come in certain lines.

the startling fact at once appears that the great basic products and commodities of this country have swung back in some cases below the peace time value of the 1910-1913 period, while others approximate very near to the 1910-1913 prices. This means that the cotton farmer, the cattle raiser, the wheat grower, the copper mine owner, have got

to sell the things that they produced at high labor costs in the year 1920, at the 1910-1913 prices. The great law of economics is no respecter of classes nor of Government, and our ship values, at whatever they cost us during the war, must come to a peace time basis.

The peace time prices which constituted the 100% standard of welfare, prosperity and of living in this country as of July 31, 1914, was built through many years of struggle, using all the natural resources, energy, industry, inventive genius and our power of organization—creating great productiveness in this country. We are going back towards that basis rapidly. We are asking the people to buy our ships, knowing that they have to so operate them, that their capital investment will be returned to them and a fair return on their money during a period of twenty years to twenty-five years from today, while this country is stabilizing itself more and more, day by day, to the peace time standard of welfare, prosperity and living, as was created and in existence on July 31, 1914, and toward the prices of 1910 to July 31, 1914.

In fairness to the pioneer purchasers and the future purchasers, it almost seems that we should offer our ships to them on the basis of the 1910-1913 period, but so that no question can be raised, I suggest that we assume, in the five year war period, that the standard of living of this country was lifted 10% a year, *a total of 50% in five years* —a terrific advance; and that it will be maintained at that point for the next twenty years, during the life of these boats. In a word, that we did lift and will maintain that high standard of welfare, prosperity and living of the people of the United States 50% and that we ask the purchasers—past and future—to absorb that 50%; in a word, that we place the price of our ships at an advance of 50% of the 1910-1913 cost, which approximated $45, which means when we establish that rule that the Government will then be placed in a more favored position as against any group or class of private persons selling commodities in America, for the economic swing, as seen by the present figures in the deflation that is taking place, is far below that point.

There are three great commodities that have not as yet liquidated their prices:

First: Retail Prices. The raw material producer, the manufacturer and wholesaler has liquidated his prices in the main. Within three months from now, the retailers throughout the country will have to close out their present high priced stocks and will be forced to accept the liquidated prices on the new goods, through competition.

Second: War Time Prices on Steel Products and Coke. The further liquidation of steel and coke prices must come shortly. The farmer buying motor cars and parts, trucks, trailers, binders, tractors, gasoline engines, corn planters, plows, etc., will not permit, nor pay war time prices for his steel needs and accept peace time prices for the products of his toil. He will demand relief and within six months it is reasonable to believe that he will receive it.

Since writing the above, I note in the morning papers of January 3rd the announcement that the Bethlehem Steel Corporation is to cut the prices of all labor from 10% to 20% on the present rate of wages, which means a drastic recession of from 20% to 40% on the peace time rate of wages. It is a known fact that from 75% to 80% of the cost of all finished products is the labor item, when considered from its original state to a finished one. The recession in steel prices is now on. Steel is the largest item in shipbuilding costs and in the next two years it will move a long way toward the peace time, 100% standard.

Third: War Time Prices of Labor. The law of supply and demand, now at work in that commodity, which is in evidence on every side, plus the liquidation that has occurred in the prices of the base commodities purchased by labor, is already rapidly stabilizing labor prices towards peace time rates.

One of the reasons why present shipbuilding prices are still high, though there is practically no demand in American yards, or in foreign yards for construction, is due to the fact that steel and coke have not as yet been fully liquidated in price.

Every banker in America, every economist, the Secretary of the Treasury, Mr. Houston, the entire Federal Reserve Board, have for six months been insisting that all American values be liquidated to a normal peace-time basis. Is there anyone so weak in reasoning that he will suggest at this point that the Government can force a sale of these steel cargo boats in the open, free, commercial markets of America, and ask farmers, merchants, lawyers, doctors, Senators and Congressmen, and bankers to buy the securities as an investment in these steel cargo boats, except on an honest and fair basis? I solemnly predict that the steel ships will rust at their docks first—for the economic laws of trading and investment are inexorable.

The classification of the boats has already been made by this Board as to efficiency in service; machinery and equipment, and age, and the same ratio that has been established can be established now. A depreciation of 5% per annum

for the time the boats have been in the water, must be deducted from the base price when established.

These inevitable conclusions have forced me to realize what must now be done and, too, the time has arrived when, under my oath, I must act. Therefore, incorporating the foregoing as a preamble, I move the adoption of the following resolution:

BE IT RESOLVED:

First: That the top price of the steel cargo boats owned by the Shipping Board be fixed at $45 a DWT which was the peace time price of construction, plus an increase of 50% thereof, as the base price for the new steel cargo boats, with the same differential ratio for efficiency in service, machinery and equipment that has already been established by the Board, with an allowance for depreciation of 5% per annum for the time the boats have been in the water.

Second: That all contracts made with pioneer purchasers of Shipping Board boats be recalled and the purchase price be rewritten on the basis of the new prices as established; that all profit made on those boats while in the hands of the pioneer purchasers be taken by the Government; that they be paid a service charge for the management of the boats while in their charge, the same as Managing Operators, on the basis of MO Agreement No. 4; and that interest charges incurred or paid be adjusted in consonance with the new prices established; and

Third: That these new prices be effective as of February 5, 1921, so that Congress may have an opportunity to have full knowledge of the methods and reasons for the fixing of the prices, and may, if they so desire, dissent therefrom; that copies hereof be sent promptly to all members of the Finance, Appropriations, and Commerce Committees of the Senate and the like Committees of the House.

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*War Industries Board Price Fixing Committee's Definition of the terms of each commodity listed in table on pages 10-11.

BARLEY—Fair to good or Standard Grade. Market, Chicago.
CORN—Contract grades, cash. Market, Chicago.
FLOUR (Rye)—In Jute, carlots; f. o. b. New York.
FLOUR (Wheat)—Standard. Market, Minneapolis.
MEAT (Beeves)—Average of Cattle-Steers, Choice to Prime, and Cattle-Steers, Good to Choice. Market, Chicago.
HOGS—Average of Hogs, heavy; Hogs, light; Common to Choice. Market, Chicago.
PORK—Mess Pork, old to new. Market, New York.

OATS—Contract grades, cash. Market, Chicago.
RICE—Honduras, Head Domestic Clean. Market, New Orleans.
RYE—No. 2, cash. Market, Chicago.
WHEAT—Average of No. 1, Northern Spring, cash, Minneapolis; No. 2, red, Winter at Chicago; No. 1, Northern Spring, cash at Chicago.
COTTON—Average of Upland middling at New York, and middling at New Orleans.
HIDES—Average of Calf skin No. 1, country at Chicago; green salted packer; heavy native steers at Chicago; packers heavy Texas steers at Chicago.
LEATHER—Harness, oak No. 1. Market, Chicago.
WOOL—Medium fleece, ¼ to ⅜ grade, scoured. Markets, Eastern, Boston, Baltimore, Philadelphia and New York.
RUBBER—Para. Market, New York.
COPPER (Ingot)—Electrolytic. Market, New York.
COPPER (Sheet)—Hot rolled. Market, New York.
LEAD—Average of lead, Pig, desilverized, and lead, pipe at New York.
CEMENT—Average of Portland Domestic Spot; Rosindale. Market, New York.
COAL—Average of Anthracite Chestnut, Anthracite Egg, Anthracite Broken, Anthracite Stove; at New York.
COAL—Bituminous, Pittsburgh run of mine; Cincinnati, f. o. b. cars.
COKE—Connelsville, Furnace, f. o. b. Ovens, Market.
PIG IRON BASIC—Mahoning or Shenango Valley Furnace.
PIG IRON BESSEMER—Pittsburgh Market.
PIG IRON FOUNDRY—No. Southern, Cincinnati, Market.
STEEL SCRAP—Heavy, Melting. Market, Pittsburgh.
SCRAP—No. 1 Railroad Wrought. Market, Pittsburgh.
IRON BARS—Best Refined. Market, Philadelphia.
STEEL BILLETS—Bessemer. Market, Pittsburgh.
STEEL BILLETS—Open Hearth. Market, Pittsburgh.
SHEET BARS—Bessemer. Market, Pittsburgh.
SHEET BARS—Open Hearth. Market, Pittsburgh.
STEEL BARS—Base Price. Pittsburgh Market.
STEEL—Structural. Market, Chicago.
STEEL PLATES—Tank. Market, Pittsburgh.
STEEL SHEETS—Blue Annealed, No. 10 Gauge. Market, Pittsburgh.
RIVETS—Button Head, Structural 1. Market, Pittsburgh.
WIRE RODS—Bessemer. Market, Pittsburgh.

Date Due

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